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10 December 1979

MEMORANDUM FOR: Director of Economic Research
FROM: Director of Central Intelligence
SUBJECT: Study on Impact of Iranian Oil Export
Shutdown

1. I just read your latest monograph on the global impact of a complete shutdown of the Iranian oil exports. It is an excellent piece of work and I want to compliment you and your entire Office on the large number of highly relevant pieces of economic analysis you've been turning out during this Iranian crisis. I personally delivered this latest one to Secretary Vance on 8 December in preparation for his trip to Europe.

2. In this study you assume that there are not any major reductions in consumption. If Iranian production is cut off due in large measure to our conflict with them (but regardless of whether we cut it or they cut it), could the United States simply offer to absorb some large fraction of the Iranian reduction by reducing its imports? In short, could we use this as a spur to our domestic conservation program by simply forcing ourselves to eat it and in the same process to cut the pressure on the world market? Is that a possible alternative?

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